

**LOUISIANA CULTURAL ECONOMY  
FOUNDATION**

*Audit of Financial Statements*

December 31, 2007 and 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/6/08

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## Independent Auditor's Report

To the Board of Directors  
Louisiana Cultural Economy Foundation

We have audited the accompanying statements of financial position of The Louisiana Cultural Economy Foundation (the Foundation) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the fiscal years then ended. These financial statements are the responsibility of The Louisiana Cultural Economy Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Louisiana Cultural Economy Foundation as of December 31, 2007 and 2006, and the results of its activities and its cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 7, 2008, on our consideration of The Louisiana Cultural Economy Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

A Professional Accounting Corporation

July 7, 2008

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**LOUISIANA CULTURAL ECONOMY FOUNDATION**  
**Statements of Financial Position**  
**December 31, 2007 and 2006**

	2007	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$ 776,631	\$ 342,773
Accounts Receivable	385,000	59,150
Furniture, Fixtures & Equipment	1,626	1,106
<b>Total Assets</b>	<b>\$ 1,163,257</b>	<b>\$ 403,029</b>
<b>Liabilities</b>		
Grant Payable	\$ 63,500	\$ -
<b>Total Liabilities</b>	<b>63,500</b>	<b>-</b>
<b>Net Assets</b>		
Unrestricted	61,218	185,380
Temporarily Restricted	1,038,539	217,649
<b>Total Net Assets</b>	<b>1,099,757</b>	<b>403,029</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,163,257</b>	<b>\$ 403,029</b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA CULTURAL ECONOMY FOUNDATION**  
**Statement of Activities**  
**For the Year Ended December 31, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Contributed Support and Special Events</b>				
Corporate/Business Grants	\$ 20,000	\$ 25,000	\$ -	\$ 45,000
Foundation/Trust Grants	-	925,000	-	925,000
Individual/Business Contribution	643	-	-	643
Other Grants	-	75,000	-	75,000
Net Assets Released from Restrictions	204,110	(204,110)	-	-
<b>Total Contributed Support and Special Events</b>	<b>224,753</b>	<b>820,890</b>	<b>-</b>	<b>1,045,643</b>
<b>Other Income</b>				
Contributed Services	8,400	-	-	8,400
Other Income	561	-	-	561
Interest Income	1,130	-	-	1,130
<b>Total Other Income</b>	<b>10,091</b>	<b>-</b>	<b>-</b>	<b>10,091</b>
<b>Total Revenue</b>	<b>234,844</b>	<b>820,890</b>	<b>-</b>	<b>1,055,734</b>
<b>Expenses</b>				
<b>Program Services</b>				
Relief Grants - Individuals	18,600	-	-	18,600
Health Care Initiative Grant	63,500	-	-	63,500
LDOA Grant	35,388	-	-	35,388
<b>Total Program Services</b>	<b>117,488</b>	<b>-</b>	<b>-</b>	<b>117,488</b>
<b>Support Services</b>				
General and Administrative	241,518	-	-	241,518
<b>Total Support Services</b>	<b>241,518</b>	<b>-</b>	<b>-</b>	<b>241,518</b>
<b>Fundraising</b>				
Luncheon Expense	-	-	-	-
<b>Total Fundraising</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>359,006</b>	<b>-</b>	<b>-</b>	<b>359,006</b>
<b>Change in Net Assets</b>	<b>(124,162)</b>	<b>820,890</b>	<b>-</b>	<b>696,728</b>
<b>Net Assets, Beginning of Year</b>	<b>185,380</b>	<b>217,649</b>	<b>-</b>	<b>403,029</b>
<b>Net Assets, End of Year</b>	<b>\$ 61,218</b>	<b>\$ 1,038,539</b>	<b>\$ -</b>	<b>\$ 1,099,757</b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA CULTURAL ECONOMY FOUNDATION**

**Statement of Activities**

**For the Year Ended December 31, 2006**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Contributed Support and Special Events</b>				
Corporate/Business Grants	\$ 255,136	\$ -	\$ -	\$ 255,136
Foundation/Trust Grants	280,429	175,000	-	455,429
Individual/Business Contribution	35,547	-	-	35,547
Other Grants	-	210,400	-	210,400
Special Events - Luncheon Revenue	19,134	-	-	19,134
Net Assets Released from Restrictions	367,751	(367,751)	-	-
<b>Total Contributed Support and Special Events</b>	<b>957,997</b>	<b>17,649</b>	<b>-</b>	<b>975,646</b>
<b>Other Income</b>				
Contributed Services	8,400	-	-	8,400
Other Income	-	-	-	-
Interest Income	1,317	-	-	1,317
<b>Total Other Income</b>	<b>9,717</b>	<b>-</b>	<b>-</b>	<b>9,717</b>
<b>Total Revenue</b>	<b>967,714</b>	<b>17,649</b>	<b>-</b>	<b>985,363</b>
<b>Expenses</b>				
<b>Program Services</b>				
Relief Grants - Individuals	614,355	-	-	614,355
LDOA Grant	58,076	-	-	58,076
<b>Total Program Services</b>	<b>672,431</b>	<b>-</b>	<b>-</b>	<b>672,431</b>
<b>Support Services</b>				
General and Administrative	93,928	-	-	93,928
<b>Total Support Services</b>	<b>93,928</b>	<b>-</b>	<b>-</b>	<b>93,928</b>
<b>Fundraising</b>				
Luncheon Expense	16,179	-	-	16,179
<b>Total Fundraising</b>	<b>16,179</b>	<b>-</b>	<b>-</b>	<b>16,179</b>
<b>Total Expenses</b>	<b>782,538</b>	<b>-</b>	<b>-</b>	<b>782,538</b>
<b>Change in Net Assets</b>	<b>185,176</b>	<b>17,649</b>	<b>-</b>	<b>202,825</b>
<b>Net Assets, Beginning of Year</b>	<b>204</b>	<b>200,000</b>	<b>-</b>	<b>200,204</b>
<b>Net Assets, End of Year</b>	<b>\$ 185,380</b>	<b>\$ 217,649</b>	<b>\$ -</b>	<b>\$ 403,029</b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA CULTURAL ECONOMY FOUNDATION**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2007 and 2006**

	2007	2006
<b>Reconciliation of Change in Net Assets to Net</b>		
<b>Cash Provided by Operating Activities</b>		
Change in Net Assets	\$ 696,728	\$ 202,825
Depreciation Expense	437	123
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Increase in Accounts Receivable	(325,850)	(59,150)
Increase in Grants Payable	63,500	-
<b>Net Cash Provided by Operating Activities</b>	<b>434,815</b>	<b>143,798</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Equipment	(957)	(1,229)
<b>Net Cash Used in Investing Activities</b>	<b>(957)</b>	<b>(1,229)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>433,858</b>	<b>142,569</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>342,773</b>	<b>200,204</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 776,631</b>	<b>\$ 342,773</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash Received During the Year for Interest	\$ 1,130	\$ 1,317

The accompanying notes are an integral part of these financial statements.

## LOUISIANA CULTURAL ECONOMY FOUNDATION

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

Louisiana Cultural Economy Foundation is a Louisiana not-for-profit corporation, which provides financial support to rebuild Louisiana to worldwide preeminence as a top tourist destination, to make Louisiana's cultural economy the engine of economic and social rebirth, to build better lives and livelihoods for all of the people of Louisiana, and to make Louisiana's recovery from Hurricane Katrina the standard for high performance, accountability and ethical behavior by obtaining grants and donations. The support generated by the Foundation is used to help musicians and museums recover from Hurricane Katrina.

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

##### **Basis of Accounting**

The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, the Foundation's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

##### **Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.



# LOUISIANA CULTURAL ECONOMY FOUNDATION

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Income Taxes**

The Foundation is a not-for-profit corporation under Internal Revenue Service Code Section 501(c)(3) and, therefore, is not subject to income taxes.

#### **Donated Goods and Services**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

#### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

#### **Furniture, Fixtures and Equipment**

Furniture, fixtures and equipment are recorded at cost. That cost is then depreciated over the estimated useful lives of the related assets of 5 years using straight line depreciation.

Depreciation expense totaled \$437 for the year ended December 31, 2007.

#### **Accounts Receivable**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

## LOUISIANA CULTURAL ECONOMY FOUNDATION

### Notes to Financial Statements

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#### Note 2. Concentration of Credit Risk

Periodically, the Foundation has deposits in a financial institution where the balance exceeds FDIC insurance limits of \$100,000.

#### Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for start up cost, support individual artists, artist businesses, art institutions, salaries, services and travel from the following donors:

	2007	2006
Jennifer Reilly	\$ 141,696	\$ 141,696
Nathan Cummings	19,255	850
Pennington Foundation	100,000	-
Joan Mitchell Foundation	25,000	-
La Disaster Recover	250,000	-
Baton rouge Area Foundation	150,000	-
Bush Clinton Katrina	300,000	-
State of Louisiana	52,588	-
Division of the Arts	-	75,103
<b>Total</b>	<b>\$ 1,038,539</b>	<b>\$ 217,649</b>

#### Note 4. Release of Restricted Assets

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the following temporarily restricted net assets:

	2007	2006
Nathan Cummings Foundation	\$ 81,595	\$ 74,150
State of Louisiana	97,515	-
Verizon	25,000	-
Jennifer Reilly	-	58,304
Division of the Arts	-	135,297
JP Morgan Chase	-	100,000
<b>Total</b>	<b>\$ 204,110</b>	<b>\$ 367,751</b>

#### Note 5. Permanently Restricted Assets

As of December 31, 2007, the Foundation has not received any assets whose use was permanently restricted.

## **LOUISIANA CULTURAL ECONOMY FOUNDATION**

### **Notes to Financial Statements**

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#### **Note 6.   Contributed Services**

The Foundation has not incurred rent expense. The value of this contributed service is \$8,400 for the year ended December 31, 2007, and is included in the Statement of Activities as Contributed Services and as rent expense in General and Administrative Expenses.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
The Louisiana Cultural Economy Foundation

We have audited the financial statements of The Louisiana Cultural Economy Foundation (the Foundation) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Louisiana Cultural Economy Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Louisiana Cultural Economy Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Louisiana Cultural Economy Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of The Louisiana Cultural Economy Foundation, management, and the Legislative Auditor of the State of Louisiana, and it is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

July 7, 2008